



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

MAR 28 2011

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard F. Bergner
Attorney at Law
Registered Agent for National Oil Recovery Corporation
5718 Westheimer, Suite 700
Houston, Texas 77057
713-783-4832 (telephone)
713-783-2502 (telecopy)

Re: Falcon Refinery Superfund Site
2725 Bishop Road, Ingleside, San Patricio County, Texas

Dear Mr. Bergner:

This letter informs you that the United States Environmental Protection Agency (EPA) intends to perfect a lien upon property located on or about 2725 Bishop Road, Ingleside, San Patricio County, Texas, the exact legal description of which is contained in Enclosure 1 to this letter. The property comprises a portion of the Falcon Refinery Superfund Site. The EPA has determined that the National Oil Recovery Corporation (NORCO) is the owner of this property (the "Property" or "Site"). The lien which EPA intends to perfect against the Property arises under Section 107(1) of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), commonly known as the "Superfund," 42 U.S.C. § 9607(1). The lien is intended to secure payment to the United States of costs and damages for which NORCO, the owner of the Property, would be liable to the United States under Section 107(a) of CERCLA, 42 U.S.C. § 9607(a).

Under CERCLA Sections 107(a) and 101(9), 42 U.S.C. § 9607(a) and 9701(9), liable persons include persons who own any "facility," including a site or area where a hazardous substance has been deposited, stored, disposed of, or placed, or otherwise come to be located. The EPA has determined that a release or threat of release of hazardous substances pursuant to CERCLA Section 101(22), 42 U.S.C. § 9601(22), has occurred at or from the Property. The Property comprises a portion of the Falcon Refinery Superfund Site, at which hazardous substances comprised principally of cyclohexane, methylcyclohexane, toluene, ethylbenzene, xylenes (totals), fluoranthene, pyrene, benzo(a)anthracene, chrysene, benzo(b)fluoranthene, benzo(k)fluoranthene, benzo(a)pyrene, ideno(1,2,3-cd)pyrene, benzo(g,h,i)perylene, aluminum,

arsenic, barium, cadmium, chromium, copper, lead, manganese, mercury, nickel, selenium, thallium, vanadium, and zinc came to be located, and are subject to or affected by the removal action and remedial activities planned for the Site. Costs and damages include the costs incurred and to be incurred by the United States in responding to a release or threat of release at the Site.

The lien arising in favor of the United States on the Property continues until the liability for the costs are satisfied or until the liability for the costs becomes unenforceable through operation of the statute of limitations in CERCLA Section 113.

On May 28, 2003, the EPA notified NORCO in a Special Notice letter by certified mail of its potential liability under CERCLA. The May 28, 2003, letter requested NORCO to respond to EPA with a good-faith offer to perform a removal action and commence remedial activities at the Site. EPA and NORCO reached an agreement that called for NORCO to pay past costs, perform a removal action and commence a Remedial Investigation and Feasibility Study at the Site. On June 9, 2004, EPA issued the Administrative Order on Consent for Removal Action (CERCLA Docket Number 06-04-04) and the Administrative Order on Consent for Remedial Investigation and Feasibility Study (CERCLA Docket Number 06-05-04) to NORCO in connection with the Site. On February 10, 2010, NORCO advised EPA that the company was financially unable to continue performing in accordance with the terms of the two Administrative Orders on Consent. NORCO has sought to sell the refinery since the beginning of discussions with EPA concerning the Site. Since February 10, 2010, when EPA was advised of NORCO's inability to continue performance of the actions required by the two Administrative Orders on Consent, the EPA has supported NORCO's attempt to sell the refinery because NORCO informed EPA that the sale proceeds would be used to finance the remaining requirements of the two Administrative Orders on Consent. On February 10, 2011, NORCO informed EPA that it had reached an agreement to sell the Site to a prospective purchaser and was prepared, therefore, to resume performance of the two Administrative Orders on Consent. NORCO indicated that the closing on the sale of the refinery would be March 15, 2011. On March 21, 2011, however, EPA was informed that the sale of the refinery did not close. EPA believes, therefore, that NORCO may not be able to complete performance of the requirements of the two Administrative Orders on Consent.

Under CERCLA, NORCO is liable for the costs incurred and to be incurred in connection with EPA's actions in responding to the Site. The EPA is owed \$171,087.17 in past response costs through January 31, 2011, and because response work is ongoing, the amount of the lien will increase as the costs incurred increase. NORCO may avoid the perfection of a lien upon the Site by paying all costs and damages for which it is liable.

The EPA has assembled a Lien Filing Record consisting of documents relating to its decision to perfect the lien. This record is kept at the following address, and may be reviewed and copied at reasonable times by arrangement with:

Ms. Gloria Moran
Assistant Regional Counsel
U.S. Environmental Protection Agency
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202
Telephone: (214) 665-3193
Telecopy: (214) 665-6460
Email: moran.gloria-small@epa.gov

The EPA has reviewed the information in the Lien Filing Record and believes that the Agency has a reasonable basis to believe that the statutory elements for perfecting a lien are satisfied. After 14 calendar days from the date of this letter, EPA intends to transmit a notice of lien to the clerk's office of San Patricio County, as designated by State law, where the real property is located. The effect of this filing is to perfect the lien upon NORCO's property.

NORCO may notify the EPA in writing within 14 calendar days from the date this letter was mailed if it believes that the EPA's information or determination is in error. NORCO may also request to appear before a neutral EPA official to present any information that it has indicating that the EPA does not have a reasonable basis to perfect its lien. NORCO should describe in its letter or written request the reasons for believing that EPA does not have a reasonable basis to perfect the Agency's lien, because EPA may, as described below, agree with NORCO's reasons and reconsider the Agency's intention to perfect a lien without further review or a meeting. Any written submissions or requests for a meeting should reference the Superfund Site, be addressed to the above referenced Regional Attorney, and may include documents or information which supports NORCO's contentions.

If the EPA receives a written submission or a request for a meeting from NORCO within 14 calendar days from the date this letter was mailed, Agency staff will review your submission or request for a meeting. If, after review and consultation, EPA agrees that the Agency does not have a reasonable basis upon which to perfect a lien, EPA will not perfect its lien, and will so notify NORCO. If EPA disagrees, the written submission or request will be referred to a neutral EPA official selected for the purpose of reviewing the submission or for conducting the meeting, along with the Lien Filing Record.

If NORCO has requested an opportunity to appear, a meeting will be scheduled. NORCO may be represented at this meeting via teleconference. The EPA will be represented by its enforcement staff, including a representative from the Office of Regional Counsel. NORCO may be represented by counsel at this meeting.

The meeting will be an informal hearing in which you may provide EPA with information as to why the Agency's assumptions require reconsideration. The meeting will not be conducted

using rules of evidence or formal administrative or judicial procedures. The sole issue at the meeting would be whether EPA has a reasonable basis to perfect its lien based upon CERCLA Section 107(l), 42 U.S.C. § 9607(l).

After reviewing your written submissions, or conducting a meeting, if one is requested, the neutral EPA official will issue a recommended decision based on the Lien Filing Record. The recommended decision will state whether EPA has a reasonable basis to perfect the lien and will be forwarded to the Agency official delegated to execute liens for action. NORCO will be notified of the Agency's action (whether perfection or the decision not to perfect) and furnished a copy of the recommended decision.

By the submission of information, NORCO and EPA do not waive and are not prohibited from asserting any claims or defenses in any subsequent legal or administrative proceeding, or request for and participation at a meeting, or recommended decision by the neutral EPA official that EPA has a reasonable basis to perfect a lien.

If you have any questions pertaining to this letter, please contact Gloria Moran at 214-665-3193.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Samuel Coleman, P.E.", with a stylized flourish at the end.

Samuel Coleman, P.E.
Director
Superfund Division

Enclosure

NOTICE OF FEDERAL LIEN

NOTICE IS HEREBY GIVEN by the United States of America to all parties of a lien on the property described below, situated in the State of Texas, as provided by Section 107(L)(1) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9607(L)(1) (CERCLA), to secure payment to the United States of all costs and damages for which the owner, National Oil Recovery Corporation (NORCO), and its successors or assigns are all liable to the United States under Section 107(a) of CERCLA. The purpose of this **NOTICE OF FEDERAL LIEN** is to notify all interested parties that, pursuant to CERCLA, Section 107(L)(1), 42 U.S.C. § 9607(L)(1), which states in pertinent part: (1) All costs and damages for which a person is liable to the United States under subsection (a) of this section shall constitute a lien in favor of the United States upon all real property and rights to such property which (A) belong to such person; and (B) are subject to or affected by a removal or remedial action. The lien for which this instrument gives notice exists in favor of the United States upon all real property and rights to such property which belong to said person and are, have been or will be, subject to, or affected by removal or remedial actions as defined by federal law, at or near the Falcon Refinery Superfund Site, Ingleside, San Patricio County, Texas, consisting of a **FIRST PROPERTY** located at FM 2725 at Bishop Road in Ingleside, San Patricio County, Texas and a **SECOND PROPERTY** located between Bay Avenue and Redfish Bay in Ingleside, San Patricio County, Texas, and which is also known by the legal description as follows:

FIRST PROPERTY

Lots 1, 2, and 3: Block II, Burton and Danforth Subdivision, according to the map of said subdivision recorded in Volume 152, Page 1 of the Deed Records of San Patricio County, Texas (approximately 28 acres more or less);

And two tracts of land more particularly described in metes and bounds as follows, to wit:

TRACT 1

A portion of Lots 4 and 5, Block 0, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the southeasterly corner of said Lot 4, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot public roadway between Blocks N and 0 of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the southerly boundary of said Lot 4, N 55 ° 23' 00" W, at 50.00 feet pass the westerly right-of-way of said Farm-To-Market Road, in all 156.12 feet to the POINT OF BEGINNING of this tract;

THENCE, continuing along said centerline and boundary, N 55 ° 23' 00" W, 503.88 feet to the southwesterly corner of said Lot 5;

THENCE, along the westerly boundary of said Lot 5, N 34° 37' 00" E, at 20.00 feet pass a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 685.00 feet to a brass monument in concrete found;

THENCE, S 55° 23' 00" E, 610.00 feet to a 5/8 inch iron rod set on the westerly right-of-way of said Farm-To-Market Road;

THENCE, along said westerly right-of-way, S 34° 37' 00" W, 501.25 feet to a 5/8 inch iron rod found;

THENCE, N 55° 23' 00" W, 106.12 feet to a 5/8 inch iron rod found;

THENCE, S 34° 37' 00" W, at 163.75 FEET pass a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 183.75 feet to the POINT OF BEGINNING

CONTAINING 9.145 acres, more or less, of which 0.231 acre is in road right-of-way.

TRACT 2

All of Lots 1 and 2, and a portion of Lot 3, Block N, and a portion of Lots 1 and 2, Block M, and all of Lot 4, Block 11, and a portion of Lot 4, Block JJ, Burton and Danforth Subdivision, as shown by a map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the northwesterly corner of said Lot 3, Block N, being at the intersection of the centerline of Farm-To-Market Road 2725 with the centerline of a 40.00 foot roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the northerly boundary of said Lot 3, S 55° 23' 00" E, 50.00 feet to the easterly right-of-way of said Farm- To-Market Road, for the **POINT OF BEGINNING** of this tract;

THENCE, along said easterly right-of-way S 34° 37' 00" W, at 20.00 feet pass a 5/8 inch iron rod set on the southerly right-of-way said 40.00 foot roadway, at 1300.00 feet pass a 5/8 inch set on the northerly right-of-way of a 40.00 foot roadway between Blocks M and N of said subdivision, in all 1320.00 feet to a 5/8 inch iron rod set on the southerly boundary of said Lot 3, Block N, being on the centerline of said 40.00 foot roadway;

THENCE, along said centerline and southerly boundary, S 55 ° 23' 00" E, 280.00 feet to a 5.8 inch iron rod set at the southeasterly corner of said Lot 3, Block N, being the northwesterly corner of Lot 2, Block M

THENCE, along the westerly boundary of said Lot 2, S 34° 37' 00" W, at 20.00 feet pass the southerly right-of-way of said 40.00 foot roadway, in all 660.00 feet to a 5/8 inch iron rod set;

THENCE, S 55° 23' 00" E, at 630.00 feet pass the westerly right-of-way of a 60.00 foot roadway between Blocks M and H, at 660.00 feet pass the centerline of said roadway and boundary between said Blocks M and JJ, in all 690.00 feet to a 5/8 inch iron rod found on the easterly right-of-way of said 60.00 foot roadway.

THENCE, along said easterly right-of-way, N34° 37'00" E, 420.89 feet to a 5.8 inch iron rod found;

THENCE, S 57° 11' 36" E, 219.92 feet to a 5/8 inch iron rod found;

THENCE, S 36° 16' 05" E, 252.27 feet to a 5/8 inch iron rod found on the northerly right-of-way of a 40.00 foot roadway between Blocks H and II;

THENCE, along said northerly right-of-way, S 55° 23' 00" E, 72.92 feet to a 5/8 inch iron rod set on the boundary between Lots 3 and 4, Block II;

THENCE, along said boundary N 34° 37' 00" E, at 1280.00 feet pass a 5/8 inch iron rod set on the southerly right-of-way of a 40.0 foot roadway between Blocks II and HH, in all 1300.00 feet to the centerline of said roadway, being the northeasterly corner of said Lot 4, Block II;

THENCE, along said centerline and the boundary between Blocks II and HH, and the boundary between Blocks II and HH, and the boundary between Blocks N and O, N 55° 23' 00" W, 1270.00 feet to the POINT OF BEGINNING.

CONTAINING 50.113 acres, more or less, of which 4.070 acres is in road right-of-way.

SECOND PROPERTY

FIELDS NOTES for a 16.74 acre tract of land being all of Lot 1, Bay Block 8, the West 509.29 feet of Lot 2, Bay Block 8, the South 130 feet of Lot 4, Bay Block 7, a portion of Ocean Drive and a tract of land between the East boundary of Ocean Drive and Red Fish Bay, all as shown on the Burton & Danforth Subdivision map as recorded in volume 1, Page 3, plat Records of Aransas County, Texas and a certified copy of such map is recorded in volume 152, Page 1 of the San Patricio County, Texas Deed Records,

BEGINNING at the 1/2 inch iron rod found (marked R.P.L.S. 1523) at the west corner of said Lot 2 on the Southeast right-of-way line of Bay Avenue (60 foot wide right-of-way with variable width caliche surface) for the West corner of this survey.

THENCE North 34° 37' 00" East, along said Southeast right-of-way line, at 330.00 feet pass a 1/2 inch iron rod found (marked R.P.L.S. 1523) at the North corner of said Lot 2 and the West corner of said Lot 1, in all a distance of 640.00 feet to a 1/2 inch rod found (marked R.P.L.S. 1523) on the Southwest right-of-way line of Sun Ray Road (40 foot wide right-of-way with 22 foot wide asphalt surface) for the North corner of said Lot 1 and corner of this survey;

THENCE South 55° 30' 35" East along said Southwest right-of-way line at 901.00 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West 2.0 feet, in all a distance of 913.24 feet to the West right-of-way line of Ocean Drive for the East corner of said Lot 1 and inside corner of this survey;

THENCE North 16° 32' 55" East, along the West right-of-way line of Ocean Drive (80 foot wide right-of-way unimproved) 42.04 feet across Sun Ray Road to a 5/8 inch iron rod found at the South corner of Lot 4, Block 7 for an inside corner of this survey;

THENCE North 55° 30' 35" West along the Northeast right-of-way line of Sun Ray Road, at 13.46 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West 2.0 feet in all a distance of 900.19 feet to a 1/2 inch iron rod found (marked R.P.L.S. 1523) at the West corner of said Lot 4 on the Southeast right-of-way line of Bay Avenue, for a corner of this survey;

THENCE North 34° 37' 00" East along said Southeast right-of-way line 130.00 feet to a 3/4 inch iron rod with flattened top found for the North corner of this survey;

THENCE South 55° 30' 35" East, parallel to the northeast right-of-way line of Sun Ray Road and 130 feet distant there from measured at right angles thereto, at 840.41 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25 " West. 1.85 feet at 857.83 feet cross the West right-of-way line of Ocean Drive, at 861.02 feet pass a 5/8 inch iron rod in concrete found, at 941 .92 feet cross the East right-of-way line of Ocean Drive in all a distance of 1,038.69 feet to the Shoreline of Red Fish Bay;

THENCE along the Shoreline of Red Fish Bay, South 20° 50' 26" West of 1.81 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears North 69° 09' 34" West 2.24 feet, in all a distance of 89.75 feet to an angle point in said shoreline.

THENCE continuing along said shoreline South 00° 40' 20" West 80.69 feet and thence South 13° 50' 36" East 48.81 feet to the beginning of a concrete bulkhead;

THENCE along the outside face of said concrete bulkhead as follows:

South 73° 37' 00" East 15.96 feet;
South 20° 16' 30" West 29.72 feet;
North 71 ° 29' 02" West 48.32 feet
South 18° 17' 15" West 78.59 feet;
South 71 ° 03' 51" East 53.00 Feet and south 18° 42' 11" West 193.54 feet
to the end of said concrete bulkhead;

THENCE continuing with the shoreline of Red Fish Bay as follows:

South 40° 43' 53" West 74.95 feet;
South 50° 50' 46" West 42.44 feet;
South 11° 18' 15" West 141.77 feet and South 24° 58'S 1" West 93.85 foot
to a point on the Southeasterly extension. Of the common boundary of Lots
2 and 3 Bay Block 8 for the South corner of this survey;

THENCE with a wire fence along Southeasterly extension North 55° 30' 35" West
at 82.04 foot a 1/2 inch iron rod found (marked R.P.L. S. 1523) bears south 34° 29'
25" 2.69 in all a distance of 132.15 feet to the centerline of ocean Drive for a corner
of this survey, from which corner a 2 inch iron pipe found on the West right-of-way
line of Ocean Drive bears North 55° 30' 35" West 42.04 feet and thence South 16°
32'55" West 1.47 feet;

THENCE with the centerline of Ocean Drive North 160 32' 55" East, 346.87 feet to a point on the Southeasterly extension of the common boundary of Lots 1 and 2, Bay Block 8, for an inside corner of this survey;

THENCE along last mentioned Southeasterly extension North 55° 30' 35" West 42.04 feet to the South corner of said Lot 1 and the East corner of said Lot 2, on the West right-of-way line of Ocean Drive;

THENCE North 55° 30' 35" West along the common boundary- of said Lots 1 and 2 at 2.64 feet, a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West 2.77 foot in all a distance of 505.01 feet for an inside corner of this survey;

THENCE South 34° 37' 00" West at 1.12 feet pass a 1/2 iron rod found (marked R.P.L. S. 1523) in all a distance of 330.0 feet to a wire fence on the common boundary of said Lots 2 and 3 Bay Block 8 for a corner of this survey, from which corner a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 37' 00" West 1.12 feet;

THENCE North 55° 30' 35" West with said wire fence of the common boundary said Lots 2 and 3, 509.29 feet to the POINT OF BEGINNING.

Bearings based on recorded plat of Burton and Danforth Subdivision.

This statutory lien shall exist and continue until the liability for all costs and damages described in Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), or a judgment against the previously listed person arising out of such liability, has been satisfied or has become unenforceable through operation of the statute of limitations provided in Section 113 of CERCLA, 42 U.S.C. § 9613. The amount of the lien will increase as additional costs are incurred in responding to conditions on the above described property. The United States of America has caused this instrument to be effected through the United States Environmental Protection Agency, as evidenced by my signature, in my official capacity as Director, Superfund Division, and by the seal of the United States Environmental Protection Agency.

Signed at Dallas, Texas, this ____ day of _____, 2011

By: _____
Samuel Coleman, P.E.
Director, Superfund Division

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, the undersigned authority, on this day personally appeared
Samuel E. Coleman, Director of the Superfund Division, United States Environmental Protection
Agency, Region 6, known to me to be the person whose name is subscribed to the foregoing
instrument and known to me to have the official capacity stated in the foregoing instrument and
acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this ____ day of _____, 2011.

Notary Public in and for
Dallas County, Texas

My Commission expires: _____